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Fred K. Konrad Director Federal Relations

June 5, 1995

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JUN - 5 1995

FEDERAL COMMUNICATIONS COMMISSION

OFFICE OF THE SECRETARY

Mr. William F. Caton **Acting Secretary** Federal Communications Commission 1919 M Street, NW Room 222 Washington, DC 20554

Re:

Ex Parte Statement

Docket 94-1

Dear Mr. Caton:

On June 2, 1995, Mr. Richard Notebaert, Chairman and Chief Executive Officer of Ameritech, Mr. Ronald Blake, President - Ameritech Long Distance Industry Service, and Mr. Gary Lytle, Vice President - Federal Relations met with Chairman Reed Hundt, Ms. Kathleen Wallman, Chief, Common Carrier Bureau, Mr. John Nakahata, Special Assistant to Chairman Hundt, and Ms. Karen Brinkmann, Special Assistant to Chairman Hundt, to discuss Ameritech's position in the above referenced proceeding. The attached presentation was used as the basis of our discussion.

Sincerely,

Attachment

Chairman Hundt

K. Wallman

K. Brinkmann

I. Nakahata

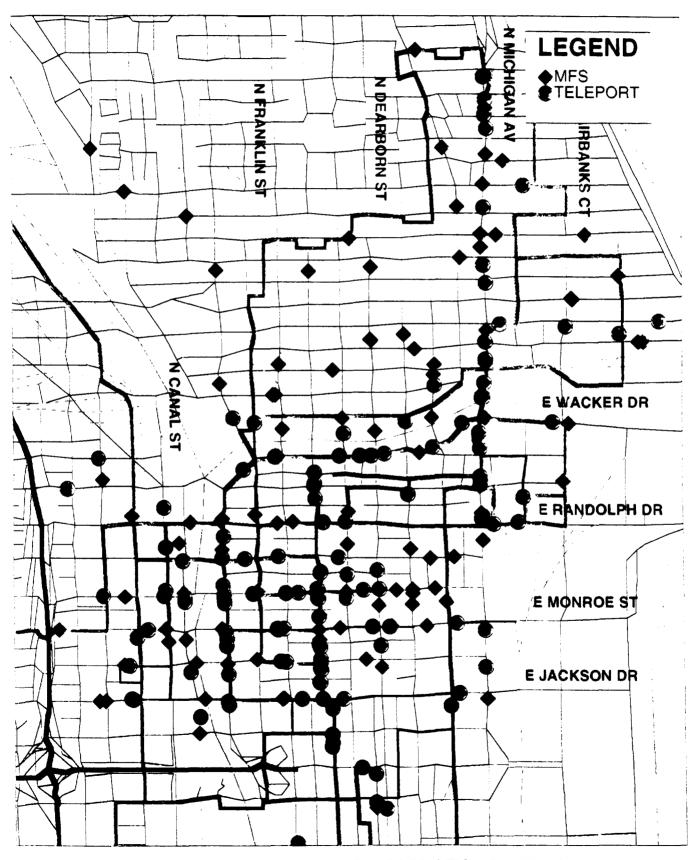
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EARLY IMPLEMENTATION OF PRICE CAP ORDER

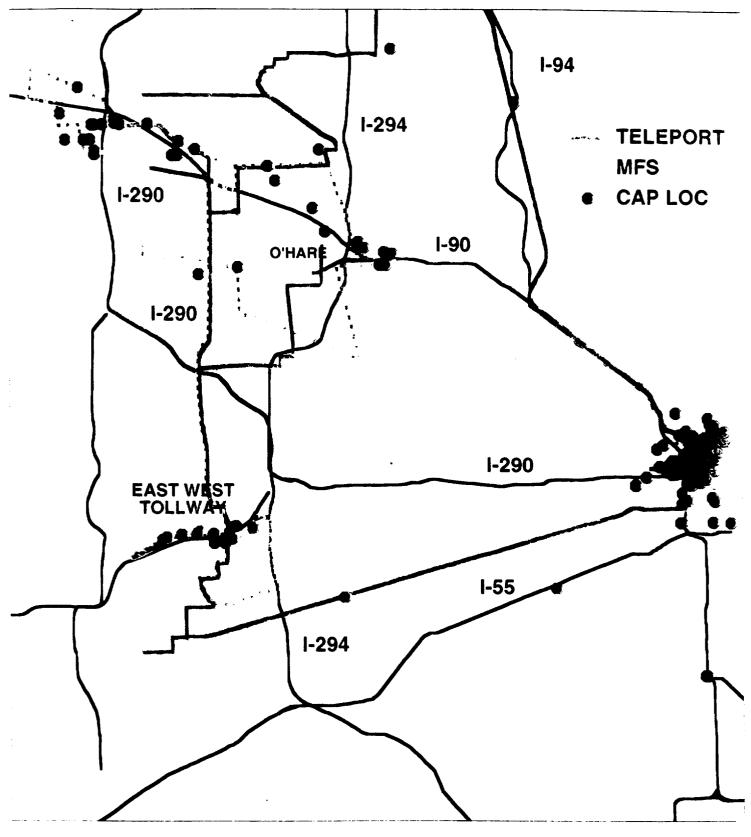
- 5.3% X-Factor/No Sharing effective 1-1-95
- Up front rate reductions (\$28 million annually)
- Consistent with Price Cap Order
 - Accelerates Commission's 5.3% /no sharing option
 - Pure price caps provide incentives which benefit consumers
- Not a deviation from Docket 94-1, only implements it sooner
- This is a reasonable risk for Ameritech and its IXC customers
 - Ameritech's 1995 earnings are good so far, but uncertain for the year
 - A \$66 million rate reduction will be implemented August 1, 1995
 - 60% of Ameritech's access revenues are in jurisdictions with unbundling orders (IL and MI)
 - The big three IXCs have announced plans and/or have become certified to enter Ameritech's exchange marketplace

AT&T in IL and MI Sprint's "triple play" in IL MCI Metro in IL, MI, OH, etc.

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CAP FIBER ROUTES AND PRESENCE CHICAGO METRO AREA



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